

STAFF REPORT: INITIAL FINDINGS AND NEXT STEPS: INFILL FINANCING OPTIONS

Summary: Incentivizing and encouraging infill and transit-oriented development (TOD) are priorities set by the Council as evidence has shown that these land use patterns will produce fewer greenhouse gas emissions than the amounts associated with low density greenfield land use development patterns in California. Specifically, the Strategic Growth Council (SGC) authorized staff to engage consultants to identify financing approaches to meet the unique needs of financing infill development and related infrastructure and services.

Recommended Action: No Council action is required at this time.

The Strategic Growth Council (SGC) is charged with coordinating and assisting local governments in meeting the goals of the Global Warming Solutions Act of 2006 (AB 32) and the Sustainable Communities and Climate Protection Act of 2008 (SB 375), both of which seek to reduce greenhouse gas emissions, in part through more efficient land use and transportation policies. Infill development and TOD also support the State of California Planning Priorities and the SGC's broader mission by increasing options for residents and workers to walk, bicycle, or take transit. These alternatives improve public health, offer a wider range of affordable mobility and housing options, conserves land and other public resources, and supports local implementation of regional Sustainable Community Strategies.

State policies and funding opportunities are increasingly relying upon infill development to achieve reduction of greenhouse gas emissions, and to achieve other co-benefits such as providing affordable housing, improving air quality and public health and revitalizing urban and community centers. However, communities seeking to support these policies still struggle to finance the significant and necessary up-front investment in infrastructure and public facilities such as parks, streets, bicycle and pedestrian linkages, sewer and water systems, and parking garages required for successful infill and TOD development.

At its February 2013 meeting, the SGC authorized staff to encumber funds to contract financial expertise to assess a range of public and private infill development and related infrastructure finance options and the expected benefits of each to the state, local governments, and public and private developers and to then provide recommendations for Council action to improve infill development and infrastructure finance options.

SGC contracted with Economic and Planning Systems, Inc. (EPS) to address the following:

1. A quantitative assessment of modified, hybrid and new infill infrastructure funding and financing options, which involved
 - Selecting and Characterization of Infill Development Test Cases and Analytical Method(s)
 - Assessing Effectiveness of Existing, Modified, and New/Alternative Financing Mechanisms

- Identifying and Characterizing Alternative Revenue Systems and Funding Mechanisms
2. Recommendations to the SGC for action to improve state programs, policies and regulations to provide better access to infill infrastructure funding and financing tools, particularly at the regional and local levels. EPS was encouraged to provide a wide range of recommendations to give the SGC a full spectrum of financing options. These recommendations were not evaluated in depth as to feasibility at this stage of the research. The reports and work product from EPS was evaluated and discussed by an advisory team of experts from local government, private development, and infrastructure finance.

The final report summarizing the Consultant findings and recommendations is expected to the SGC by June 2014.